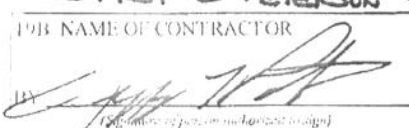
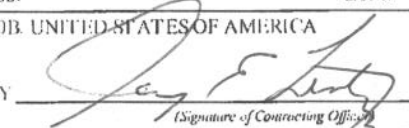


AWARD/CONTRACT		1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350)		RATING DO-A40		PAGE OF PAGES 1 20	
2. CONTRACT (Proc. Inst. Ident.) NO. W56HZV-07-C-L522		3. EFFECTIVE DATE		4. REQUISITION/PURCHASE REQUEST/PROJECT NO. TARDEV06807			
5. ISSUED BY U.S. ARMY TACOM 6301 E. 11 MILE ROAD AMSTA-AQ-ABRD WARREN MI 48397-5000		CODE W56HZV		6. ADMINISTERED BY (If other than Item 5) U.S. ARMY TACOM AMSTA-AQ-ABRBMS 322 EDYTH MCKINLEY 586-574-7286 MCKINLEY@TACOM.ARMY.MIL WARREN MI 48397-5000		CODE W56HZV	
7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, state and zip code) THREE DIMENSIONAL SERVICES JEFF PETERSON 15-7 PRODUCT DRIVE IRACHESTER HILLS MI 48309				8. DELIVERY [] FOB ORIGIN [X] OTHER (See below)			
				9. DISCOUNT FOR PROMPT PAYMENT NET 30 DAYS			
				10. SUBMIT INVOICES 0 (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN:		ITEM Section G	
CODE 1WUL5		FACILITY CODE 1WUL5		12. PAYMENT WILL BE MADE BY DFAS COLUMBUS DFAS-JAQBAC-CO ATTN: ST LOUIS P.O. BOX 182307 COLUMBUS OH 43218-2307			
11. SHIP TO/MARK FOR See Schedule		CODE		13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION: [X] 10 U.S.C. 2304(c)(2) [] 41 U.S.C. 253(c)()			
14. ACCOUNTING AND APPROPRIATION DATA See Schedule				CODE HQ0304			
15A. ITEM NO.	15B. SUPPLIES SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT		
SEE SCHEDULE							
15G. TOTAL AMOUNT OF CONTRACT							\$1,192,511.70
16. TABLE OF CONTENTS							
(X)	SEC.	DESCRIPTION	PAGE(S)	(X)	SEC.	DESCRIPTION	PAGE(S)
PART I - THE SCHEDULE				PART II - CONTRACT CLAUSES			
X	A	SOLICITATION/CONTRACT FORM	1	X	I	CONTRACT CLAUSES	11 - 20
X	B	SUPPLIES OR SERVICES AND PRICES/ COSTS	2 - 5	PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS			
	C	DESCRIPTION/ SPECS/ WORK STATEMENT			J	LIST OF ATTACHMENTS	
	D	PACKAGING AND MARKING		PART IV - REPRESENTATIONS AND INSTRUCTIONS			
X	E	INSPECTION AND ACCEPTANCE	6		K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
X	F	DELIVERIES OR PERFORMANCE	7		L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
X	G	CONTRACT ADMINISTRATION DATA	8 - 9		M	EVALUATION FACTORS FOR AWARD	
X	H	SPECIAL CONTRACT REQUIREMENTS	10				
CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE:							
17. [X] CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and retain it for 3 years for hearing officer.) Contractor agrees to furnish and deliver all services performed under the services contract for the contract identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award contract, (b) the solicitation, if any, and (c) each provision, representation, certification, and specification, as are attached or incorporated by reference herein. (Amendments are listed herein.)				18. [] AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number: _____			
19A. NAME AND TITLE OF SIGNER (Type or print) JEFFREY L PETERSON General Manager				20A. NAME AND TITLE OF CONTRACTING OFFICER JAY E. LENTZ TEL: _____ EMAIL: _____			
19B. NAME OF CONTRACTOR 		19C. DATE SIGNED 16 March 2007		20B. UNITED STATES OF AMERICA 		20C. DATE SIGNED 3-16-07	

Section B - Supplies or Services and Prices

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	CRANE SUBASSEMBLIES FFP CONTRACTOR SHALL FABRICATE THIRTY (30) P/N DTA 185000 ATEC CRANE SUBASSEMBLIES. ARMOR PLATE AND BALLISTIC GLASS FOR THE SUBASSEMBLIES WILL BE GOVERNMENT FURNISHED. FOB: Destination PURCHASE REQUEST NUMBER: TARDEV06607				
				NET AMT	\$0.00
	ACRN AA CIN: TARDEV066070001				\$0.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001AA		1	Each	\$39,750.39	\$39,750.39

DTA 185000 SUBASSEMBLY
FFP
#2 PRODUCTION UNIT

SHIP TO:
US ARMY TACOM
6501 E. ELEVEN MILE RD
WARREN, MI 48397-5000
MARK FOR:
Contract No. W56HZV-07-C-L522
Gerard Szczerbinski, AMSRD-TAR-D, Bldg 200D M/S 234

Performance Certifier:
Gerard Szczerbinski, AMSRD-TAR-D
586 574-8995
FOB: Destination
PURCHASE REQUEST NUMBER: TARDEV06607

NET AMT	\$39,750.39
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ACRN AA	\$39,750.39
CIN: TARDEV066070001AA	

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001AB		8	Each	\$39,750.39	\$318,003.12

DTA 185000 SUBASS'Y
FFP

#1 AND #3 - #9 PRODUCTION UNITS

SEE SECTION F FOR SHIP TO ADDRESS

Performance Certifier:

Gerard Szczerbinski, AMSRD-TAR-D
586 574-8995

FOB: Destination

PURCHASE REQUEST NUMBER: TARDEV06607

NET AMT	\$318,003.12
---------	--------------

ACRN AA	\$318,003.12
CIN: TARDEV066070001AB	

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001AC		8	Each	\$39,750.39	\$318,003.12

DTA 185000 SUBASSEMBLY
FFP

#10 - #17 PRODUCTION UNITS

SEE SECTION F FOR SHIP TO ADDRESS

Performance Certifier:

Gerard Szczerbinski, AMSRD-TAR-D
586 574-8995

FOB: Destination

PURCHASE REQUEST NUMBER: TARDEV06607

NET AMT	\$318,003.12
---------	--------------

ACRN AA	\$318,003.12
CIN: TARDEV066070001AC	

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001AD		13	Each	\$39,750.39	\$516,755.07

DTA 185000 SUBASSEMBLY
FFP
#18 - #30 PRODUCTION UNITS

SEE SECTION F FOR SHIP TO ADDRESS

Performance Certifier:
Gerard Szczerbinski, AMSRD-TAR-D
586 574-8995
FOB: Destination
PURCHASE REQUEST NUMBER: TARDEV06607

NET AMT	\$516,755.07
---------	--------------

ACRN AA	\$516,755.07
CIN: TARDEV066070001AD	

Section E - Inspection and Acceptance

INSPECTION AND ACCEPTANCE TERMS

Supplies/services will be inspected/accepted at:

CLIN	INSPECT AT	INSPECT BY	ACCEPT AT	ACCEPT BY
0001	ST. CLAIR PACKAGING 2121 BUSHA HWY MARYSVILLE MI 48040-1943	N/A	Destination	Government
0001AA	Origin	Government	Origin	Government
0001AB	Origin	Government	Origin	Government
0001AC	Origin	Government	Origin	Government
0001AD	Origin	Government	Origin	Government

CLAUSES INCORPORATED BY REFERENCE

52.246-2	Inspection Of Supplies--Fixed Price	AUG 1996
52.246-16	Responsibility For Supplies	APR 1984
252.246-7000	Material Inspection And Receiving Report	MAR 2003

Section F - Deliveries or Performance

DELIVERY INFORMATION

CLIN	DELIVERY DATE	QUANTITY	SHIP TO ADDRESS	UIC
0001	N/A	N/A	N/A	N/A
0001AA	20-MAR-2007	1	TACOM LCMC SEE SCHEDULE FOR DELIVERY INFORMATION WARREN MI 48397-5000 FOB: Destination	W56HZV
0001AB	20-MAR-2007	8	ST. CLAIR PACKAGING JACKIE WALKER 2121 BUSHAW HWY MARYSVILLE MI 48040-1943 800-878-4230 FOB: Destination	
0001AC	17-APR-2007	8	(SAME AS PREVIOUS LOCATION) FOB: Destination	
0001AD	21-MAY-2007	13	(SAME AS PREVIOUS LOCATION) FOB: Destination	

CLAUSES INCORPORATED BY REFERENCE

52.211-17	Delivery of Excess Quantities	SEP 1989
52.242-15	Stop-Work Order	AUG 1989
52.242-17	Government Delay Of Work	APR 1984
52.247-34	F.O.B. Destination	NOV 1991

CLAUSES INCORPORATED BY FULL TEXT

AMC-F1. ACCELERATED DELIVERY

The Government normally desires maximum acceleration of deliveries provided such acceleration is at no additional cost to the Government. However, prior to acceleration of delivery, approval must be obtained from the Procuring Contracting Officer. Acceleration in the delivery of end items will not be acceptable to the Government unless all other scheduled deliveries relating to contract items such as provisioning, technical documentation, drawings, publications, overpack kits, etc., are accelerated by an equal period of time.

(END OF CLAUSE)

Section G - Contract Administration Data

ACCOUNTING AND APPROPRIATION DATA

AA: 2172020000076N6N7E42380800000252G7RX13P000000E25031DEV06607S20113
 AMOUNT: \$1,192,511.70
 CIN TARDEV066070001: \$0.00
 CIN TARDEV066070001AA: \$39,750.39
 CIN TARDEV066070001AB: \$318,003.12
 CIN TARDEV066070001AC: \$318,003.12
 CIN TARDEV066070001AD: \$516,755.07

CLAUSES INCORPORATED BY FULL TEXT

AMC-G1. REMITTANCE ADDRESS

Address to which payments should be mailed if such address is different from address shown in Block 15A of SF 33:

 N/A
 (Company Name)

 (Street/Post Office Box)

 (City/State/Zip Code)

52.232-4004

PROMPT PAYMENT (INVOICES)

(JUNE 2000)

1. In accordance with the Prompt Payment Clause (FAR 52.232.25), this guidance is provided for the submission of invoices.
2. An invoice is the Contractor's bill or written request for payment under the order for supplies delivered or services performed. An invoice shall be prepared and submitted to the designated billing office specified in the order.
3. Submit your invoice, preferably by email or through other electronic means, to EITHER:

 X CONTRACTINVOICE@tacom.army.mil OR

_____ the administrator at the address on the face page of this contract

(If none of these is checked, send it to the first address:
CONTRACTINVOICE@tacom.army.mil)

4. A proper invoice must include the following items:

- (a) Name and address of the Contractor
- (b) Invoice date
- (c) Order number or other authorization for supplies delivered or services performed (including order number and **contract line item number** CLIN)
- (d) Description, quantity, unit of measure, unit price, and extended price of supplies delivered or services performed.
- (e) Shipping and payment terms (e.g., shipment number and date of shipment, prompt payment discount terms). Bill of lading number and weight of shipment will be shown for shipment on Government bills of lading
- (f) Name and address of Contractor to whom payment is to be sent (must be as specified in the order or in proper notice of assignment)
- (g) **Tax payer ID number.**
- (h) Any other information or documentation required by other requirements of the order (such as evidence of shipment)

NOTE: ALL INVOICES FAILING TO PROVIDE THE REQUIRED INFORMATION WILL BE RETURNED UNPAID.

5. Interest penalties to be paid by the Government if payment is not made within the applicable time limits specified by the Prompt Payment Act, are subject to the following conditions:

- (a) A proper invoice was received by the designated billing office
- (b) A receiving report or other Government documentation authorizing payment was processed and there was no disagreement over quantity, quality, or contractor compliance with any term or condition.
- (c) In the case of a final invoice for any balance of funds due the Contractor for supplies delivered or services performed, the amount was not subject to further contract settlement actions between the Government and the Contractor.

(end of clause)

Section H - Special Contract Requirements

CLAUSES INCORPORATED BY FULL TEXT

- CONTRACTOR MANHOUR REPORTING REQUIREMENT

- 52 Report on Use of Employees of Non-Federal Entities to Provide Services to Department of the Army. The contractor is required to submit direct labor hours and a relevant composite indirect labor rate associated with the reporting period (generally contemporaneous with submission of a request for payment (e.g. voucher, invoice or request for progress payment)). The composite indirect labor rate will be used to grossly calculate the number of indirect hours associated with services reported in each period.
- 53 The information submitted will be treated as contractor proprietary information when associated with a contractor name or contract number. The Assistant Secretary of the Army (Manpower and Reserve Affairs) will oversee the aggregation of this information and will exclude contract number and contractor name from any use of this data. The planning factor(s) derived from this data by ASA (M&RA) and its contract support (if any) will be used solely for manpower planning purposes and will not be applied to specific acquisitions. Detailed data by contract number and name will not be released to any other government entity other than ASA (M&RA) and will only be used for the stated purposes (reporting and planning).
- 54 Reporting format. The information required should be reported electronically to the following secure web site: <http://contractormanpower.us.army.mil>.

52.200-4014 RETENTION OF RECORDS

All reports, records and documentation, including, but not limited to, historical data, software, operating instructions, and training instructions generated in connection with the performance of the work herein are the property of the Government and shall remain at the appropriate installation (i.e., Detroit Arsenal and/or USAGS) with unlimited rights. These shall be made available to the Contracting Officer or his designee for inspection. Contractor shall furnish copies upon request.

- CONTRACTING OFFICER'S AUTHORITY

The Contracting Officer is the only person authorized to approve additions or changes in any of the requirements under any contract, resulting from this solicitation, notwithstanding any provisions contained elsewhere in this contract, the said authority remains solely in the Contracting Officer. In the event that the contractor effects any change at the direction of any person other than the Contracting Officer, such change shall be solely at the risk of the contractor. (See General Provision, entitled: "Notification of Changes," FAR 52.243-7).

Marking of Shipment

All packages must be marked with the contents and TACOM Contract/Order Number. Failure to properly mark all shipments may result in delayed payment and possible rejection of invoices and/or shipments.

Section I - Contract Clauses

CLAUSES INCORPORATED BY REFERENCE

52.202-1	Definitions	JUL 2004
52.203-3	Gratuities	APR 1984
52.203-5	Covenant Against Contingent Fees	APR 1984
52.203-6	Restrictions On Subcontractor Sales To The Government	SEP 2006
52.203-7	Anti-Kickback Procedures	JUL 1995
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity	JAN 1997
52.203-10	Price Or Fee Adjustment For Illegal Or Improper Activity	JAN 1997
52.203-12	Limitation On Payments To Influence Certain Federal Transactions	SEP 2005
52.204-4	Printed or Copied Double-Sided on Recycled Paper	AUG 2000
52.204-7	Central Contractor Registration	JUL 2006
52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment	SEP 2006
52.211-5	Material Requirements	AUG 2000
52.211-15	Defense Priority And Allocation Requirements	SEP 1990
52.215-2	Audit and Records--Negotiation	JUN 1999
52.215-8	Order of Precedence--Uniform Contract Format	OCT 1997
52.215-10	Price Reduction for Defective Cost or Pricing Data	OCT 1997
52.215-12	Subcontractor Cost or Pricing Data	OCT 1997
52.215-14 Alt I	Integrity of Unit Prices (Oct 1997) - Alternate I	OCT 1997
52.215-17	Waiver of Facilities Capital Cost of Money	OCT 1997
52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other than Pensions	JUL 2005
52.215-19	Notification of Ownership Changes	OCT 1997
52.215-21	Requirements for Cost or Pricing Data or Information Other Than Cost or Pricing Data--Modifications	OCT 1997
52.219-8	Utilization of Small Business Concerns	MAY 2004
52.222-3	Convict Labor	JUN 2003
52.222-19	Child Labor -- Cooperation with Authorities and Remedies	JAN 2006
52.222-20	Walsh-Healey Public Contracts Act	DEC 1996
52.222-21	Prohibition Of Segregated Facilities	FEB 1999
52.222-26	Equal Opportunity	APR 2002
52.222-35	Equal Opportunity For Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans	SEP 2006
52.222-36	Affirmative Action For Workers With Disabilities	JUN 1998
52.222-37	Employment Reports On Special Disabled Veterans, Veterans Of The Vietnam Era, and Other Eligible Veterans	SEP 2006
52.222-39	Notification of Employee Rights Concerning Payment of Union Dues or Fees	DEC 2004
52.223-6	Drug-Free Workplace	MAY 2001
52.223-14	Toxic Chemical Release Reporting	AUG 2003
52.225-13	Restrictions on Certain Foreign Purchases	FEB 2006
52.227-1	Authorization and Consent	JUL 1995
52.227-2	Notice And Assistance Regarding Patent And Copyright Infringement	AUG 1996

52.229-4	Federal, State, And Local Taxes (State and Local Adjustments)	APR 2003
52.230-3	Disclosure And Consistency Of Cost Accounting Practices	APR 1998
52.232-1	Payments	APR 1984
52.232-8	Discounts For Prompt Payment	FEB 2002
52.232-9	Limitation On Withholding Of Payments	APR 1984
52.232-11	Extras	APR 1984
52.232-17	Interest	JUN 1996
52.232-23	Assignment Of Claims	JAN 1986
52.232-25	Prompt Payment	OCT 2003
52.232-33	Payment by Electronic Funds Transfer--Central Contractor Registration	OCT 2003
52.232-34	Payment By Electronic Funds Transfer--Other Than Central Contractor Registration	MAY 1999
52.233-1	Disputes	JUL 2002
52.233-3	Protest After Award	AUG 1996
52.233-4	Applicable Law for Breach of Contract Claim	OCT 2004
52.242-13	Bankruptcy	JUL 1995
52.243-1	Changes--Fixed Price	AUG 1987
52.244-5	Competition In Subcontracting	DEC 1996
52.244-6	Subcontracts for Commercial Items	SEP 2006
52.245-4	Government-Furnished Property (Short Form)	JUN 2003
52.246-24	Limitation Of Liability--High-Value Items	FEB 1997
52.249-2	Termination For Convenience Of The Government (Fixed-Price)	MAY 2004
52.249-8	Default (Fixed-Price Supply & Service)	APR 1984
52.253-1	Computer Generated Forms	JAN 1991
252.203-7001	Prohibition On Persons Convicted of Fraud or Other Defense-Contract-Related Felonies	DEC 2004
252.204-7003	Control Of Government Personnel Work Product	APR 1992
252.204-7004 Alt A	Central Contractor Registration (52.204-7) Alternate A	NOV 2003
252.205-7000	Provision Of Information To Cooperative Agreement Holders	DEC 1991
252.209-7004	Subcontracting With Firms That Are Owned or Controlled By The Government of a Terrorist Country	DEC 2006
252.215-7000	Pricing Adjustments	DEC 1991
252.215-7002	Cost Estimating System Requirements	DEC 2006
252.222-7006	Combating Trafficking in Persons	OCT 2006
252.225-7001	Buy American Act And Balance Of Payments Program	JUN 2005
252.225-7002	Qualifying Country Sources As Subcontractors	APR 2003
252.225-7012	Preference For Certain Domestic Commodities	JAN 2007
252.225-7013	Duty-Free Entry	OCT 2006
252.226-7001	Utilization of Indian Organizations and Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns	SEP 2004
252.231-7000	Supplemental Cost Principles	DEC 1991
252.231-7000	Supplemental Cost Principles	DEC 1991
252.232-7003	Electronic Submission of Payment Requests	MAY 2006
252.232-7010	Levies on Contract Payments	DEC 2006
252.243-7001	Pricing Of Contract Modifications	DEC 1991
252.243-7002	Requests for Equitable Adjustment	MAR 1998
252.244-7000	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)	JAN 2007
252.247-7023	Transportation of Supplies by Sea	MAY 2002

52.247-7024

Notification Of Transportation Of Supplies By Sea

MAR 2000

CLAUSES INCORPORATED BY FULL TEXT

52.223-11 OZONE-DEPLETING SUBSTANCES (MAY 2001)

(a) Definition. Ozone-depleting substance, as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR part 82 as--

(1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform;
or

(2) Class II, including, but not limited to, hydrochlorofluorocarbons.

(b) The Contractor shall label products which contain or are manufactured with ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j (b), (c), and (d) and 40 CFR Part 82, Subpart E, as follows:

“WARNING: Contains (or manufactured with, if applicable), a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.”-----

The Contractor shall insert the name of the substance(s).

(End of clause4)

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CONTRACTING OFFICER’S AUTHORITY

The Contracting Officer is the only person authorized to approve additions or changes in any of the requirements under any contract, resulting from this solicitation, notwithstanding any provisions contained elsewhere in this contract, the said authority remains solely in the Contracting Officer. In the event that the contractor effects any change at the direction of any person other than the Contracting Officer, such change shall be solely at the risk of the contractor. (See General Provision, entitled: “Notification of Changes,” FAR 52.243-7 or paragraph (c) of FAR 52.212-4).

52.233-4 APPLICABLE LAW FOR BREACH OF CONTRACT CLAIM (OCT 2004)

United States law will apply to resolve any claim of breach of this contract.

(End of clause)

52.248-1 VALUE ENGINEERING (FEB 2000)

(a) General. The Contractor is encouraged to develop, prepare, and submit value engineering change proposals (VECP's) voluntarily. The Contractor shall share in any net acquisition savings realized from accepted VECP's, in accordance with the incentive sharing rates in paragraph (f) below.

(b) Definitions. "Acquisition savings," as used in this clause, means savings resulting from the application of a VECP to contracts awarded by the same contracting office or its successor for essentially the same unit.

Acquisition savings include--

(1) Instant contract savings, which are the net cost reductions on this, the instant contract, and which are equal to the instant unit cost reduction multiplied by the number of instant contract units affected by the VECP, less the Contractor's allowable development and implementation costs;

(2) Concurrent contract savings, which are net reductions in the prices of other contracts that are definitized and ongoing at the time the VECP is accepted; and

(3) Future contract savings, which are the product of the future unit cost reduction multiplied by the number of future contract units in the sharing base. On an instant contract, future contract savings include savings on increases in quantities after VECP acceptance that are due to contract modifications, exercise of options, additional orders, and funding of subsequent year requirements on a multiyear contract.

"Collateral costs," as used in this clause, means agency cost of operation, maintenance, logistic support, or Government-furnished property.

"Collateral savings," as used in this clause, means those measurable net reductions resulting from a VECP in the agency's overall projected collateral costs, exclusive of acquisition savings, whether or not the acquisition cost changes.

"Contracting office" includes any contracting office that the acquisition is transferred to, such as another branch of the agency or another agency's office that is performing a joint acquisition action.

"Contractor's development and implementation costs," as used in this clause, means those costs the Contractor incurs on a VECP specifically in developing, testing, preparing, and submitting the VECP, as well as those costs the Contractor incurs to make the contractual changes required by Government acceptance of a VECP.

"Future unit cost reduction," as used in this clause, means the instant unit cost reduction adjusted as the Contracting Officer considers necessary for projected learning or changes in quantity during the sharing period. It is calculated at the time the VECP is accepted and applies either (1) throughout the sharing period, unless the Contracting Officer decides that recalculation is necessary because conditions are significantly different from those previously anticipated or (2) to the calculation of a lump-sum payment, which cannot later be revised.

"Government costs," as used in this clause, means those agency costs that result directly from developing and implementing the VECP, such as any net increases in the cost of testing, operations, maintenance, and logistics support. The term does not include the normal administrative costs of processing the VECP or any increase in this contract's cost or price resulting from negative instant contract savings.

"Instant contract," as used in this clause, means this contract, under which the VECP is submitted. It does not include increases in quantities after acceptance of the VECP that are due to contract modifications, exercise of options, or additional orders. If this is a multiyear contract, the term does not include quantities funded after VECP acceptance. If this contract is a fixed-price contract with prospective price redetermination, the term refers to the period for which firm prices have been established.

"Instant unit cost reduction" means the amount of the decrease in unit cost of performance (without deducting any Contractor's development or implementation costs) resulting from using the VECP on this, the instant contract. If this is a service contract, the instant unit cost reduction is normally equal to the number of hours per line-item task saved by using the VECP on this contract, multiplied by the appropriate contract labor rate.

"Negative instant contract savings" means the increase in the cost or price of this contract when the acceptance of a VECP results in an excess of the Contractor's allowable development and implementation costs over the product of the instant unit cost reduction multiplied by the number of instant contract units affected.

"Net acquisition savings" means total acquisition savings, including instant, concurrent, and future contract savings, less Government costs.

"Sharing base," as used in this clause, means the number of affected end items on contracts of the contracting office accepting the VECP.

Sharing period, as used in this clause, means the period beginning with acceptance of the first unit incorporating the VECP and ending at a calendar date or event determined by the contracting officer for each VECP.

"Unit," as used in this clause, means the item or task to which the Contracting Officer and the Contractor agree the VECP applies.

"Value engineering change proposal (VECP)" means a proposal that--

(1) Requires a change to this, the instant contract, to implement; and

(2) Results in reducing the overall projected cost to the agency without impairing essential functions or characteristics; provided, that it does not involve a change--

(i) In deliverable end item quantities only;

(ii) In research and development (R&D) end items or R&D test quantities that is due solely to results of previous testing under this contract; or

(iii) To the contract type only.

(c) VECP preparation. As a minimum, the Contractor shall include in each VECP the information described in subparagraphs (1) through (8) below. If the proposed change is affected by contractually required configuration management or similar procedures, the instructions in those procedures relating to format, identification, and priority assignment shall govern VECP preparation. The VECP shall include the following:

(1) A description of the difference between the existing contract requirement and the proposed requirement, the comparative advantages and disadvantages of each, a justification when an item's function or characteristics are being altered, the effect of the change on the end item's performance, and any pertinent objective test data.

(2) A list and analysis of the contract requirements that must be changed if the VECP is accepted, including any suggested specification revisions.

(3) Identification of the unit to which the VECP applies.

(4) A separate, detailed cost estimate for (i) the affected portions of the existing contract requirement and (ii) the VECP. The cost reduction associated with the VECP shall take into account the Contractor's allowable development and implementation costs, including any amount attributable to subcontracts under the Subcontracts paragraph of this clause, below.

(5) A description and estimate of costs the Government may incur in implementing the VECP, such as test and evaluation and operating and support costs.

(6) A prediction of any effects the proposed change would have on collateral costs to the agency.

(7) A statement of the time by which a contract modification accepting the VECP must be issued in order to achieve the maximum cost reduction, noting any effect on the contract completion time or delivery schedule.

(8) Identification of any previous submissions of the VECP, including the dates submitted, the agencies and contract numbers involved, and previous Government actions, if known.

(d) Submission. The Contractor shall submit VECP's to the Contracting Officer, unless this contract states otherwise. If this contract is administered by other than the contracting office, the Contractor shall submit a copy of the VECP simultaneously to the Contracting Officer and to the Administrative Contracting Officer.

(e) Government action. (1) The Contracting Officer will notify the Contractor of the status of the VECP within 45 calendar days after the contracting office receives it. If additional time is required, the Contracting Officer will notify the Contractor within the 45-day period and provide the reason for the delay and the expected date of the decision. The Government will process VECP's expeditiously; however, it shall not be liable for any delay in acting upon a VECP.

(2) If the VECP is not accepted, the Contracting Officer will notify the Contractor in writing, explaining the reasons for rejection. The Contractor may withdraw any VECP, in whole or in part, at any time before it is accepted by the Government. The Contracting Officer may require that the Contractor provide written notification before undertaking significant expenditures for VECP effort.

(3) Any VECP may be accepted, in whole or in part, by the Contracting Officer's award of a modification to this contract citing this clause and made either before or within a reasonable time after contract performance is completed. Until such a contract modification applies a VECP to this contract, the Contractor shall perform in accordance with the existing contract. The decision to accept or reject all or part of any VECP is a unilateral decision made solely at the discretion of the Contracting Officer.

(f) Sharing rates. If a VECP is accepted, the Contractor shall share in net acquisition savings according to the percentages shown in the table below. The percentage paid the Contractor depends upon (1) this contract's type (fixed-price, incentive, or cost-reimbursement), (2) the sharing arrangement specified in paragraph (a) above (incentive, program requirement, or a combination as delineated in the Schedule), and (3) the source of the savings (the instant contract, or concurrent and future contracts), as follows:

CONTRACTOR'S SHARE OF NET ACQUISITION SAVINGS

(Figures in percent)

Contract Type	Incentive (Voluntary)		Program Requirement (Mandatory)	
	Instant Contract Rate	Concurrent and Future Contract Rate	Instant Contract Rate	Concurrent and Future Contract Rate
Fixed-price (includes fixed-price-award-fee; excludes other fixed-price incentive contracts)	(1) 50	(1) 50	(1) 25	25
Incentive (fixed-price or cost) (other than	(2)	(1) 50	(2)	25

award fee)				
Cost-reimbursement (includes cost-plus-award-fee; excludes other cost-type incentive Contracts)	(3) 25	(3) 25	15	15

(1) The Contracting Officer may increase the Contractor's sharing rate to as high as 75 percent for each VECP.

(2) Same sharing arrangement as the contract's profit or fee adjustment formula.

(3) The Contracting Officer may increase the Contractor's sharing rate to as high as 50 percent for each VECP.

(g) Calculating net acquisition savings.

(1) Acquisition savings are realized when (i) the cost or price is reduced on the instant contract, (ii) reductions are negotiated in concurrent contracts, (iii) future contracts are awarded, or (iv) agreement is reached on a lump-sum payment for future contract savings (see subparagraph (i)(4) below). Net acquisition savings are first realized, and the Contractor shall be paid a share, when Government costs and any negative instant contract savings have been fully offset against acquisition savings.

(2) Except in incentive contracts, Government costs and any price or cost increases resulting from negative instant contract savings shall be offset against acquisition savings each time such savings are realized until they are fully offset. Then, the Contractor's share is calculated by multiplying net acquisition savings by the appropriate Contractor's percentage sharing rate (see paragraph (f) above). Additional Contractor shares of net acquisition savings shall be paid to the Contractor at the time realized.

(3) If this is an incentive contract, recovery of Government costs on the instant contract shall be deferred and offset against concurrent and future contract savings. The Contractor shall share through the contract incentive structure in savings on the instant contract items affected. Any negative instant contract savings shall be added to the target cost or to the target price and ceiling price, and the amount shall be offset against concurrent and future contract savings.

(4) If the Government does not receive and accept all items on which it paid the Contractor's share, the Contractor shall reimburse the Government for the proportionate share of these payments.

(h) Contract adjustment. The modification accepting the VECP (or a subsequent modification issued as soon as possible after any negotiations are completed) shall--

(1) Reduce the contract price or estimated cost by the amount of instant contract savings, unless this is an incentive contract;

(2) When the amount of instant contract savings is negative, increase the contract price, target price and ceiling price, target cost, or estimated cost by that amount;

(3) Specify the Contractor's dollar share per unit on future contracts, or provide the lump-sum payment;

(4) Specify the amount of any Government costs or negative instant contract savings to be offset in determining net acquisition savings realized from concurrent or future contract savings; and

(5) Provide the Contractor's share of any net acquisition savings under the instant contract in accordance with the following:

(i) Fixed-price contracts--add to contract price.

(ii) Cost-reimbursement contracts--add to contract fee.

(i) Concurrent and future contract savings.

(1) Payments of the Contractor's share of concurrent and future contract savings shall be made by a modification to the instant contract in accordance with subparagraph (h)(5) above. For incentive contracts, shares shall be added as a separate firm-fixed-price line item on the instant contract. The Contractor shall maintain records adequate to identify the first delivered unit for 3 years after final payment under this contract.

(2) The Contracting Officer shall calculate the Contractor's share of concurrent contract savings by (i) subtracting from the reduction in price negotiated on the concurrent contract any Government costs or negative instant contract savings not yet offset and (ii) multiplying the result by the Contractor's sharing rate.

(3) The Contracting Officer shall calculate the Contractor's share of future contract savings by (i) multiplying the future unit cost reduction by the number of future contract units scheduled for delivery during the sharing period, (ii) subtracting any Government costs or negative instant contract savings not yet offset, and (iii) multiplying the result by the Contractor's sharing rate.

(4) When the Government wishes and the Contractor agrees, the Contractor's share of future contract savings may be paid in a single lump sum rather than in a series of payments over time as future contracts are awarded. Under this alternate procedure, the future contract savings may be calculated when the VECP is accepted, on the basis of the Contracting Officer's forecast of the number of units that will be delivered during the sharing period. The Contractor's share shall be included in a modification to this contract (see subparagraph (h)(3) above) and shall not be subject to subsequent adjustment.

(5) Alternate no-cost settlement method. When, in accordance with subsection 48.104-4 of the Federal Acquisition Regulation, the Government and the Contractor mutually agree to use the no-cost settlement method, the following applies:

(i) The Contractor will keep all the savings on the instant contract and on its concurrent contracts only.

(ii) The Government will keep all the savings resulting from concurrent contracts placed on other sources, savings from all future contracts, and all collateral savings.

(j) Collateral savings. If a VECP is accepted, the Contracting Officer will increase the instant contract amount, as specified in paragraph (h)(5) of this clause, by a rate from 20 to 100 percent, as determined by the Contracting Officer, of any projected collateral savings determined to be realized in a typical year of use after subtracting any Government costs not previously offset. However, the Contractor's share of collateral savings will not exceed the contract's firm-fixed-price, target price, target cost, or estimated cost, at the time the VECP is accepted, or \$100,000, whichever is greater. The Contracting Officer will be the sole determiner of the amount of collateral savings.

(k) Relationship to other incentives. Only those benefits of an accepted VECP not rewardable under performance, design-to-cost (production unit cost, operating and support costs, reliability and maintainability), or similar incentives shall be rewarded under this clause. However, the targets of such incentives affected by the VECP shall not be adjusted because of VECP acceptance. If this contract specifies targets but provides no incentive to surpass them, the value engineering sharing shall apply only to the amount of achievement better than target.

(l) Subcontracts. The Contractor shall include an appropriate value engineering clause in any subcontract of \$100,000 or more and may include one in subcontracts of lesser value. In calculating any adjustment in this contract's price for instant contract savings (or negative instant contract savings), the Contractor's allowable development and implementation costs shall include any subcontractor's allowable development and implementation costs, and any value engineering incentive payments to a subcontractor, clearly resulting from a VECP accepted by the Government under this contract. The Contractor may choose any arrangement for subcontractor value engineering incentive payments; provided, that the payments shall not reduce the Government's share of concurrent or future contract savings or collateral savings.

(m) Data. The Contractor may restrict the Government's right to use any part of a VECP or the supporting data by marking the following legend on the affected parts:

"These data, furnished under the Value Engineering clause of contract, shall not be disclosed outside the Government or duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering change proposal submitted under the clause. This restriction does not limit the Government's right to use information contained in these data if it has been obtained or is otherwise available from the Contractor or from another source without limitations."

If a VECP is accepted, the Contractor hereby grants the Government unlimited rights in the VECP and supporting data, except that, with respect to data qualifying and submitted as limited rights technical data, the Government shall have the rights specified in the contract modification implementing the VECP and shall appropriately mark the data. (The terms "unlimited rights" and "limited rights" are defined in Part 27 of the Federal Acquisition Regulation.)

(End of clause)

52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this/these address(es):

[www.com]

(End of clause)

52.9999-4050

PAYMENT ADDRESS

(DEC 1988)

Note: Payment to be made to the address on Contractor's invoice.

252.204-7006 BILLING INSTRUCTIONS (OCT 2005)

When submitting a request for payment, the Contractor shall--

(a) Identify the contract line item(s) on the payment request that reasonably reflect contract work performance; and

(b) Separately identify a payment amount for each contract line item included in the payment request.

(End of clause)

252.225-7006 QUARTERLY REPORTING OF ACTUAL CONTRACT PERFORMANCE OUTSIDE THE UNITED STATES (DEC 2006)

(a) Definition. United States, as used in this clause, means the 50 States, the District of Columbia, and outlying areas.

(b) Reporting requirement. Except as provided in paragraph (c) of this clause, within 10 days after the end of each quarter of the Government's fiscal year, the Contractor shall report any subcontract, purchase, or intracompany transfer that--

- (1) Will be or has been performed outside the United States;
- (2) Exceeds the simplified acquisition threshold in Part 2 of the Federal Acquisition Regulation; and
- (3) Has not been identified in a report for a previous quarter.

(c) Exception. Reporting under this clause is not required if--

- (1) A foreign place of performance is the principal place of performance of the contract; and
- (2) The Contractor specified the foreign place of performance in its offer.

(d) Submission of reports. The Contractor shall submit the reports required by this clause to: Deputy Director of Defense Procurement and Acquisition Policy (Program Acquisition and International Contracting), OUSD(AT&L)DPAP(PAIC), Washington, DC 20301-3060.

(e) Report format. The Contractor--

- (1) Shall submit reports using--
 - (i) DD Form 2139, Report of Contract Performance Outside the United States; or
 - (ii) A computer-generated report that contains all information required by DD Form 2139; and
- (2) May obtain copies of DD Form 2139 from the Contracting Officer or via the Internet at <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>.

(f) Subcontracts. The Contractor--

- (1) Shall include the substance of this clause in all first-tier subcontracts exceeding \$550,000, except those for commercial items, construction, ores, natural gases, utilities, petroleum products and crudes, timber (logs), or subsistence;
- (2) Shall provide the number of this contract to its subcontractors required to submit reports under this clause; and

(3) Shall require the subcontractor, with respect to performance of its subcontract, to comply with the requirements directed to the Contractor in paragraphs (b) through (e) of this clause.

(End of clause)